



February 11, 2022

PFM Financial Advisors LLC
c/o Garrett Moore
100 Market Street
Harrisburg, PA 17101

Re: Towamencin Township Sewer System Request for Bids

Dear Towamencin Township:

Aqua Pennsylvania Wastewater, Inc. (the "Proposer") hereby submits the attached Proposal in response to the Towamencin Sewer System Request for Bids (the "RFB") issued by the Towamencin Township ("**Towamencin**") on December 23, 2021, as amended.

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the Bidding Documents for identified sewer facilities owned and operated by Towamencin. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the Bidding Documents.

The Proposer, by its undersigned duly-authorized representative, hereby covenants, certifies, represents, and warrants, as follows in connection with this Proposal:

1. ***RFB and Addendum Acknowledgement.*** The Proposer acknowledges receipt of the RFB and the following addenda to the RFB:

<u>Addendum No.</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____

2. ***Due Authorization.*** The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.

3. **Completeness; Warranty as to Proposal Information.** The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct and complete, and are made with full knowledge that Towamencin will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to Towamencin and executing the Agreement.
4. **Identity of Buyer.** The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Agreement pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the "Subsidiary"), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the Agreement from and after such execution.
5. **Final Agreements.** The Proposer agrees to enter into the Agreement in each case in the form identified as "Binding Proposal, Execution Copy" as posted in the Virtual Data Room for this Transaction (except for filling in indicated blanks and completion of Schedules as provided therein).
6. **Purchase Price/Consideration.** The amount of the Purchase Price/Consideration that Proposer will pay (inclusive of the escrow funds as described in Section 6.05(e) of the Bidding Documents) pursuant to Section 3.01 of the Bidding Documents will be the total set forth in Proposal Form 6A or 6B.
7. **Proposal Effective Period.** This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Time on June 1, 2022, unless extended to 5:00 p.m. Eastern Time on July 1, 2022 by Towamencin or unless further extended by mutual consent of both Towamencin and the Proposer (the "Termination Time"). In the event that the Proposal submission date is delayed, the Termination Time will be extended for the same such period. If Towamencin does not give written notice to the Proposer that Towamencin is prepared to enter into the Bidding Documents on or prior to the Termination Time, this offer and the terms of this Proposal shall terminate at the Termination Time.
8. **Agreement Execution.** If at any time prior to the Termination Time, Towamencin gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the Bidding Documents with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the Bidding Documents to Towamencin.
9. **Debarment.** Neither the Proposer, the Operator, nor any other member of Proposer's project team is currently suspended or debarred from doing business with any governmental entity.
10. **Contract Disclosures.** Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.
11. **No Litigation.** There is no action, suit or proceeding, at law or in equity, before any court or similar governmental body, against the Proposer, wherein an unfavorable decision,

ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the Bidding Documents contemplated hereby, or which, in any way, would have a materially adverse effect on the validity or enforceability of the obligations proposed to be undertaken by the Proposer, or any Bidding Documents or instrument entered into by the Proposer in connection with the Transaction contemplated hereby.

12. ***Certain Representations.*** The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the Bidding Documents pursuant to the terms hereof; (3) such actions do not and will not violate the terms of any of the Proposer's or the Subsidiary's organizational documents or any agreement binding upon it or the terms of any Applicable Law; (4) no further consent to this offer or Proposal or to the execution of the Bidding Documents pursuant to the terms hereof is required to be obtained from any other Person or Governmental Authority; and (5) this offer and Proposal constitute, and the Bidding Documents, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Proposer, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfers, or other laws affecting creditor's rights generally, and subject to general principles of equity (regardless of whether in law or in equity).
13. ***Material Changes.*** The Proposer has disclosed as an attachment to this Proposal all material changes from the information provided in the Proposer's RFQ Response.
14. ***Principal Contact.*** The principal contact person who will serve as the interface between the Governmental Party and the Proposer for all communications is:

NAME: Thomas F Rafferty

TITLE: Director, Business Development

ADDRESS: 762 W. Lancaster Ave., Bryn Mawr, PA 19010

PHONE: (O): 610-645-1064 (M): 215-205-0800

FAX: 610.645.1061

EMAIL: tfrafferty@aquaamerica.com

Submitted by:

Name of Proposer

Aqua Pennsylvania Wastewater, Inc.

Name of Designated Signatory

Marc A. Lucca

Signature



Title

President

**Proposal Form 2- Towamencin Township Sewer System RFB
Non-Collusion Affidavit**

STATE OF _____ PENNSYLVANIA)

COUNTY OF _____ MONTGOMERY)

I, Marc A. Lucca, a resident of Lower Merion Township, in the State of Pennsylvania, of full age, being duly sworn according to law, on my oath depose and say that:

- (1) I am the President of Aqua Pennsylvania Wastewater, Inc., organized under the laws of the state of Pennsylvania, the Proposer making the Proposal in response to the Towamencin Township Sewer System Request for Bids issued by the Towamencin Township ("Towamencin") on December 23, 2021, as amended, and that I executed said Proposal with full authority to do so;
- (2) The pricing information set forth in this Proposal have been arrived at independently without collusion, fraud, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such pricing information with any other Proposer or anyone employed by or representing Towamencin;
- (3) Unless otherwise required by law, the pricing information which has been quoted in this Proposal has not been knowingly disclosed by the Proposer and will not knowingly be disclosed by the Proposer, directly or indirectly, to any other Proposer or to any competitor prior to execution of the Bidding Documents; and
- (4) No attempt has been made or will be made by the Proposer to induce any other person or entity to submit or not to submit a Proposal for the purpose of restricting competition.

I, hereby affirm under the penalties of perjury that the foregoing statements are true.

Aqua Pennsylvania Wastewater, Inc.

Name of Proposer

Marc A. Lucca

Name of Designated Signatory



Signature

President

Title

(Notary Public)

State/Commonwealth of Pennsylvania

County of Montgomery

On this 10 day of February, 2022, before me appeared **Marc A. Lucca**, who is President of Aqua Pennsylvania Wastewater, Inc., a Pennsylvania corporation, personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Heather S. D. Harrison
Notary Public in and for the State/Commonwealth of
Pennsylvania

(seal)

Heather S. D. Harrison
(Name printed)

Residing at 762 W Lancaster Ave, Bryn Mawr, PA
19010

Commission Number 1213370

Commonwealth of Pennsylvania - Notary Seal
Heather S. D. Harrison, Notary Public
Montgomery County
My commission expires February 3, 2025
Commission number 1213370
Member, Pennsylvania Association of Notaries

Proposal Form 3- Towamencin Township Sewer System RFB
Statement of Ownership – Proposer

Name of Proposer: Aqua Pennsylvania Wastewater, Inc.

Business Address: 762 W. Lancaster Avenue, Bryn Mawr, PA 19010

Legal Form of Proposer: Corporation

State of Incorporation or Organization: Pennsylvania

If not organized in Pennsylvania, is Proposer authorized to do business in Pennsylvania? Yes
 No

List Names and Titles of All Principal Officers and Directors:

Christopher H. Franklin	Chief Executive Officer (Officer & Director)
Daniel J. Schuller	EVP, Chief Financial Officer (Officer & Director)
Richard S. Fox	EVP, Chief Operating Officer (Officer & Director)
Matthew R. Rhodes	EVP, Strategy and Corporate Development (Officer & Director)
Christopher P. Luning	EVP, General Counsel and Secretary (Officer & Director)
Marc A. Lucca	President (Officer & Director)
Stan Szczygiel	Vice President and Treasurer

Significant Equity Owners of the Proposer:

List the names, business addresses and percentage ownership interests of all Persons (individuals or entities) who own, directly or indirectly, 10% or more of the capital stock, units, partnership or membership interests, or other equity interests or securities of the Proposer (including options, warrants and other rights to acquire such equity interests) (the "Significant Equity Owners"). If none, please state "NONE." If one or more such Significant Equity Owner(s) of Proposer is an entity, then list the names and addresses of all Significant Equity Owners of such entity; if none, please state "None." This disclosure shall be continued until names and addresses of every Significant Equity Owners exceeding the ten percent ownership criteria of each entity listed has been identified. Additional pages may be attached.

<i>Name</i>	<i>Address</i>	<i>Interest %</i>
Aqua Pennsylvania, Inc.	762 W. Lancaster Ave., Bryn Mawr, PA 19010	100%

Proposal Form 4- Towamencin Township Sewer System RFB
Operator Information

If the Proposer is not the Operator, the Proposer must clearly identify the entity or entities that will serve as the Operator under the Bidding Documents. For the proposed Operator, please provide the following information.

1. **Name & Address of Proposed Operator:**

PROPOSER IS THE OPERATOR

2. **Operator's Primary Representative:**

TODD DUERR

3. **Operator Experience (if not previously provided in response to the RFQ):**

SEE RFQ

4. **Operator's References (if not previously provided in response to the RFQ):**

SEE RFQ

5. **Material Change:** Any change in condition (financial or otherwise), development, occurrence or circumstance that could be materially adverse to the Operator that has arisen after the date of the RFQ and which would have been responsive to the RFQ if such change, development, occurrence or circumstance had arisen prior to the Proposer's response to the RFQ.

Proposal Form 5- Towamencin Township Sewer System RFB
Contract and Lobbyist Disclosure

Proposer hereby certifies that except as listed below, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest. (If there are no such arrangements, please write NONE)

<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>
None	

Aqua Pennsylvania Wastewater, Inc.

 Name of Proposer

Marc A. Lucca

 Name of Designated Signatory



 Signature

President

 Title

**Proposal Form 6B (No Rate Freeze) – Towamencin Township
Sewer System RFB
Business Proposal**

On this Proposal Form 6B, please provide your Purchase Price/Consideration assuming no rate freeze were to be imposed for Towamencin.

The amount of the Purchase Price/Consideration that Proposer offers to pay pursuant to Section 3.01 of the Bidding Documents is:

US **\$54,100,000** (Fifty-Four million and one-hundred thousand United States Dollars)

ADDITIONAL CONSIDERATION(s) WITH BID:

- Upon execution of the Bidding Documents, Aqua will provide a **\$1,000,000** refundable deposit (to be credited against the bid price) to Towamencin Township.
- After filing of the PUC Application and upon recognized status of “Full-Acceptance” by the PUC, Aqua will provide an additional refundable deposit (to be credited against the bid price) of **\$1,000,000** to Towamencin Township.

Please provide nonbinding indicative rates that relate to the Purchase Price/Consideration above. For the purposes of transparency, and to aid in comparing bids, please feel free to add any clarifying remarks in the area provided below.

For those submitting a bid on the APA, please specify, 1) the amount of subsidization, if any, you are assuming, via Act 11; 2) whether the rates provided below include any DSIC surcharge.

Please note, completion of the indicative rate section below is required for your bid to be deemed as “compliant”.

Indicative residential monthly bills for the next 10 years assuming 4,000 gallons of usage/month:

Year 1	\$37.50	Year 2	\$37.50	Year 3	\$62.16	Year 4	\$63.72	Year 5	\$65.27
Year 6	\$66.42	Year 7	\$68.08	Year 8	\$69.74	Year 9	\$71.14	Year 10	\$72.91

Description of rates outlined above:

1. Aqua assumes approximately 25% cost allocation, and a DSIC surcharge beginning no sooner than Year 4. These rates do not assume the EDU growth presented by the Seller and to the extent that the growth occurs the above rates could be less. These projections are for illustrative purposes and reflect reasonable expectations of Aqua based on current industry trends, however, are subject to changes and the approval of the PA Public Utility Commission (PUC).

2. If chosen as the winning bid and upon filing the PUC approval application, Aqua is required to notify customers (by customer notice in the mail) of Potential Rate Impacts assuming stand-alone cost of service. Those rates are estimated and shown below.

Year 1 \$37.50	Year 2 \$37.50	Year 3 \$82.89	Year 4 \$84.96	Year 5 \$87.03
Year 6 \$88.31	Year 7 \$90.52	Year 8 \$92.73	Year 9 \$94.58	Year 10 \$96.95

3. Both the Indicative Rates and the Potential Rate Impacts assume that Aqua will not be prohibited from uniformly increasing rates among all customer classes, including outside municipalities and industrial customers. If rates are not uniformly increased to all customer classes, the impact to the rates may be greater than those projections stated above.

4. Aqua will cooperate with the Township to seek an agreement with Clemens Food Group.

5. Aqua’s choice of a “No-Rate Freeze” option avoids regulatory hurdles and potential challenges to Closing the sale due to “rate freeze” language.

6. Aqua’s 10-year projection of rates for the costs associated with the acquisition of the Towamencin Sewer System assumes a base rate increase in 2025, potentially a 2-year hold on rates. This assumes an APA is signed no later than April 30, 2022, and the regulatory process begins within a reasonable timeframe.

7. Under Aqua’s ownership, low-income families will have the opportunity to participate in our Helping Hand program which is designed to assist low-income families. Additionally, low-income families will have the opportunity to apply for assistance under a new federal program for water and wastewater customers known as LIHWAP (Low-Income Housing Water Assistance Program).

Aqua Pennsylvania Wastewater, Inc.

 Name of Proposer

Marc A. Lucca

 Name of Designated Signatory



 Signature

PRESIDENT

 Title